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SUBJECT: JAPAN'S NEW TOURISM AGENCY: ACTIONS FALLING SHORT
OF ITS AMBITIONS

¶1. (SBU) Summary: Japan's renewed efforts to promote tourism to boost the economy face significant challenges. MLIT's new Japan Tourism Agency (JTA) aims to increase inbound and outbound tourism, but despite revenue gains in the tourism industry in recent years, projections for the final quarter of 2008 suggest the industry, along with the rest of the economy, is slowing. Given the global economic downturn and Japan's recent entry into recession, Japan may have difficulty reaching its goals to revitalize tourism. End summary.

¶2. (SBU) The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) established the Japan Tourism Agency (JTA) on October 1, headed by Commissioner Yoshiaki Honpo. The new agency centralizes GOJ tourism functions and aims to coordinate better the various ministries that work on tourism-related issues. Leadership above the director-general level is key if the GOJ is to negotiate more effectively with foreign governments and have a stronger presence within the Japanese bureaucracy, explained Hiroshi Fujii, JTA General Affairs Division Planning Office Chief. The JTA has not yet established any new policies, but the increase in budget and personnel (from 79 to 103 staff members) demonstrates the GOJ's emphasis on tourism promotion, Fujii asserted.

¶3. (U) Japan currently ranks thirteenth worldwide for outbound tourism and thirtieth for inbound tourism, according to MLIT. In 2003, then Prime Minister Koizumi prioritized tourism and began the "Yokoso! Visit Japan" campaign to attract more foreign tourists to Japan. The JTA wants to increase further inbound tourism as well as domestic and outbound tourism. (Note: The Japanese economy benefits from outbound tourism due to business generated for travel agencies, sales of luggage, and other costs incurred by travelers. End note.) The MLIT estimates tourism generates 23.5 trillion yen (\$235 billion) annually and domestic tourism makes up two-thirds of this figure. In an effort to mitigate some of the economic impacts of Japan's shrinking workforce, the GOJ adopted the Tourism Promotion Plan, under the 2006 Basic Tourism Law, which aims to achieve the following by 2010: 1) increase foreign tourists to 10 million (from 7.3 million in 2006); 2) increase Japanese outbound tourists to 20 million (from 17.5 million in 2006); 3) increase to 30 trillion yen (\$300 billion) the amount of money spent by foreign tourists in Japan; 4) increase the average number of nights per year Japanese travelers spend on domestic overnight trips from 2.77 nights in 2006 to four. The plan also envisions a 50 percent or greater increase in

the number of international conventions held in Japan by
12011.

14. (U) The JTA advocates tourism as a means to counter some of the decline in domestic demand resulting from a declining and aging population. The JTA also sees promotion of international tourism as a way to increase Japan's international prestige and influence. Despite these goals, JTA conducted its inaugural reception solely in Japanese, noted a U.S. airline executive who attended the event, leaving him to question how the agency would engage in additional outreach to attract foreign companies and travelers.

Comment

15. (U) Attracting more tourists may give a needed boost to Japan's travel industry, but the JTA's unveiling could not come at a worse time in terms of the global economic slowdown. September and October showed the largest declines in foreign visitors to Japan since the 2003 SARS outbreak. One U.S. airline executive based in Japan told us that between August and October, Japanese outbound travel decreased 10 percent overall; outbound travel to China decreased 50 percent (most likely the result of on-going food safety concerns), while outbound travel to the U.S. decreased by nearly six percent. High fuel surcharges and low consumer confidence do not bode well for long-distance trips, but the Japan National Tourist Organization (JNTO) speculates the strong yen may still encourage short-term outbound travel

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from Japan. However, without a significant change in Japanese work habits that discourage longer vacations, getting domestic travelers to hit the highway and airports more frequently seems difficult.
SCHIEFFER